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*With J Harvey's
Kind regards.*

LETTER TO

SIR STAFFORD H. NORTHCOTE,

Chancellor of the Exchequer,

ON THE NECESSITY OF AN ISSUE OF AN

Exchequer Note for One Pound,

BY

JAMES HARVEY,

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Is not Bishop Berkely a more disinterested authority than Lord Overstone ? and he asks, "whether the prejudices in favour of gold and silver are not strong, but whether they are not still prejudices?" And further, "whether paper doth not by its stamp and signature acquire a *local* value, and become as precious as gold and silver?" Mark the word *local*,—that money is only valuable to a nation who issues it, and being meant only for internal trade, is not available for foreign commerce.

QUERIST,

which the Times declared to contain more plain truths than were ever before condensed in so small a compass.

TO THE RIGHT HONORABLE
SIR STAFFORD H. NORTHCOTE,
CHANCELLOR OF THE EXCHEQUER.

LIVERPOOL, *September, 1878.*

SIR,

As I wish to put you in possession of the purport of this letter at once, I beg leave to lay before you a proposal for the ISSUE OF TAXATION PAPER MONEY.

This plan is rendered imperative, owing to the administration to which you belong having assumed THE PROTECTORATE OF TURKEY. That protectorate implies the immediate introduction of reforms, and of those reforms the most important should be financial. In finance three courses are open to Lord Beaconsfield—

Firstly :—To continue the present system, which has brought those fine countries to the verge of destruction.

Secondly :—To introduce Sir Robert Peel's gold bill, which makes the "sovereign" the only money—a bill which has inflicted incalculable ruin on this country.

Thirdly :—To issue a Taxation paper money, thus making it possible for the taxpayer to pay his taxes, without the intervention of the money-lender.*

Here let me call your attention to the infatuation which has possessed all governments, ancient and modern, in levying taxation on their subjects without supplying them with the wherewithal to meet it in.

As subsidiary to the protectorate of Turkey, I would refer to CYPRUS, which is already under the operation of Sir Robert Peel's Bill to the enrichment of greedy Greeks and unprincipled Levantines, amongst whom our sovereigns have been sown broadcast, abstracting from us here at home those very sovereigns in which only we can pay taxes and debts.

INDIA.—From Asiatic Turkey and Cyprus I turn to India—India, which in the eyes of high and low, is deemed a rich country, but which, if judged by the condition of its population, is the poorest on the face of the earth. We see there at a glance the fatal effects of a bad monetary system. The attempt there to introduce Peel's Bill † (with some slight modifica-

* The Edinburgh and Quarterly Reviews in their respective articles for October, on Turkey, have not a word to say on this obvious reform.

† A recent paragraph in the papers tells us that it is intended to introduce the "sovereign" into India. "Go, my son, and see with what little wisdom the world is governed."

tions as to the Rupee or two shilling coin, which is made legal tender) has produced such calamitous consequences on the Hindoo population, that our rule may indeed be pronounced a disgrace to English statesmanship.

Miss Nightingale's article on India, in the "Nineteenth Century" for July, gives us full details of the operation of Usury and of the shameful and exorbitant exactions of the Schroffs or native money dealers. A decreasing revenue—a debt of 100 millions, and a war expenditure, incident to this Afghan trouble, renders the prospect for the future of India dreary and hopeless, indicating that the first of reforms there must be financial, and the first step must be the issue of a Taxation Paper-money.

THE COLONIES are labouring under a short supply of money in even a greater degree than the mother country. Land in abundance, and a constantly increasing stream of immigrants—labour and land, the elements of wealth—but some evil influence is at work preventing healthy development. The Usurer and Money-lender are there with their exorbitant claims—claims that no labour can satisfy.

Now let us look at home.

You, Sir, with an increasing expenditure and a decreasing revenue, must feel the anxieties and responsibilities of your office increasing day by day.

With trade in its present depressed state you will hardly venture on imposing fresh taxes, for increase of taxation is not always increase of revenue, and in fiscal arithmetic two and two do not make four. You may resort to the miserable expedient of borrowing, opening the pleasant vista to our eyes of a debt of 1000 millions. This is a mere mortgaging of the labour of generations unborn, and dire necessity can alone drive you to so unprincipled an alternative. I could point out to you a third course, A LAND TAX, but here the interest of the Landlords would intervene and you would find the House of Commons deaf to your appeals. The land tax was, in Queen Anne's time, 4s. in the £, but this has been so skilfully manipulated and pared down, that it is now something quite insignificant.

And now, Sir, I propose my plan: I call it mine, for I cannot find another man to second me in the advocacy.

That plan is to issue—

EXCHEQUER NOTES for small sums (I should say, ten-shillings), breaking down the present Exchequer Bills of £100, with coupons, payable to the holders, of 3d. per diem. These interest-bearing coupons are a mere sop to the monied men.

I append the form of the PROPOSED EXCHEQUER NOTE. I think you will agree with me that this

would be an improvement on Mr. Pitt's Bank Note, inasmuch as the State would enter upon its undoubted privilege of issuing money, and we should be rendered independent of a bank, which, under the assumption of the title of Bank of England, is really a private joint-stock bank, chiefly intent on dividing 10 per cent. among its shareholders. Referring to MR. PITT, I would recommend you to follow his example. In a like juncture of depressed trade, and a war expenditure, he passed the Bank restriction act, which enabled him to issue inconvertible paper. Why the Conservatives should abandon your great predecessor, and follow obsequiously the chariot wheels of Sir Robert Peel, is a matter of astonishment to all who have thought on the subject.

Even MR. GLADSTONE, the chosen disciple of Sir Robert, could plainly see that this gold system would not work, and that periodical panic showed it to be wrong in principle, and therefore impracticable in the working. These were his words in February, 1866, two months before the Gurney panic, which took place in May.

"The bill (of 1844) cannot stand as it is. I cannot consent that trade shall be devastated by these continually recurring convulsions. The bill of 1844, damaged in 1847, was utterly shattered in 1857."

May I ask Mr. Gladstone, what was its state after the panic of 1866? The Bank of England was saved by the interposition of the Minister who allowed it to issue inconvertible paper (this for the third time), and yet, by Peel's bill, to be unable to pay your debts in gold is—bankruptcy.

The cause of panic is want of money.*

The cause of deficient revenue is want of money.

The cause of bad trade is a constant reduction in prices caused by want of money.

A universal reduction of prices is caused by a reduction in the volume of money.

Money will always be deficient, if we tie the country down to the sovereign of the full weight and fineness.

The remedy is MAKE MONEY—ISSUE THE EXCHEQUER NOTE FOR SMALL SUMS.

The true definition of money is "Anything, be it gold, silver, salt, shells, that a government will recognise as quittance of taxation." *A Fortiori*, would a paper note issued by the State be money.

Something must be done and done quickly.

A scientific money and reformed tenure of land must be instituted without delay. Portentous signs

* Dr. Johnson in his time found people running after this panacea, and that—"Sir, said he, "people get tired of milking the cow, and so they go and milk the bull." Extended suffrage—education—church building—emigration—free trade—sanitary legislation, &c. —mere milking of the bull—try the cow—try more money.

are upon us,—Nihilism in Russia—Socialism in Germany—Communism in France—Transingentism in Spain—Contests between Money and Labour in this country—the rise of the great Labour party in America, which has bearded both the Republican and the Democratic factions, all indicate that the monopolies of Land and Money are on their trial. Nor let these new and appalling movements be looked upon as the mere agitation stirred up by wild and ignorant fanatics. Men such as John Ruskin and Thomas Carlyle, Bishop Berkely, Proudhon, Louis Blanc have denounced the present barbarous structure of society. In fact, no man looking on the war of classes, becoming more exasperated every day—the rich becoming more rich and the poor poorer—but must see these coming events casting their shadows before. We are shooting Niagara, and this ominous stillness is the mere “torrent’s stillness ere it dash below.”

In vain will the vast annuitant class quote scrip—mortgage deed—coupon—share warrant—“Parchments, yes, parchments are venerable, but they should at all times represent as near as they can the writings of the Rhadamanthine tables, otherwise they are not so venerable.”—CARLYLE.

Property is the creature of law—what the law gives, the law can take away.

Machinery is a powerful and a new agent. It is altering the relation of labour and money, so that money, the instrument of exchange, must be altered too. Eastern nations might, with their undeveloped productive powers, endure metallic money, but Western Europe demands a more philosophical instrument.

This Glasgow Bank disaster foreshadows the break-down of the gold money system.

In bidding you farewell, I must take notice of your statement in your Midland visit, "that really in your opinion the working classes ought to be grateful to the higher and middle classes, for much had been done for them." This distorted view of the relations of the Propertied Classes and the Nation, *i.e.*, the working portion, shows what erroneous ideas generally prevail, and which cannot be too soon dispelled. That those who clothe, feed, and lodge the other classes should feel obliged for any small returns the rich can make, is so preposterous a proposition that it has only to be stated in words for you to wish it unsaid.

I remain, Sir,

Your obedient servant,

JAMES HARVEY,

Chatham Place, Liverpool.

Author of Paper Money, the Money of Civilisation; Gold Money, the Money of Barbarism.

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P.S.—The favorite cry whilst this is going to press is OVER PRODUCTION—OVER PRODUCTION is nothing but UNDER CONSUMPTION, the people cannot consume because they have not the money to purchase. This cry comes most loudly from Manchester. One question will dispose of this absurdity.

If every cottage in England had a sufficiency of bedding, clothing, curtains, &c., could all the cotton factories in Manchester supply them?

What is true of cotton is true of all other things. All trades and manufactures are gasping from a deficient supply of the life blood of trade.

It will be amusing to see the Press going through the stages usual in all new questions. The first ground taken is, "This is absurd and impracticable;" the next will be "We knew it before;" the third will be an enthusiastic burst of public opinion in its favour.

For this, however, we must wait fifty years.

How many panics will it take to teach the people their lesson? It is to be feared they must be brayed in the mortar of affliction for another generation before they will leave their folly.

Any gentleman wishing to aid in disseminating true monetary principles, will please forward his address to the writer.